شركة التجمعات الإستثمارية المتخصصة م.ع.م.

SPECIALIZED INVESTMENT COMPOUNDS CO. plc.

الرقم : ت ا م / 027/ 2017

التاريخ: 2017/05/15

السادة بورصة عمان المحترمين

تحية واحتراما وبعد ،،،

عملا بتعليمات الافصاح يرجى العمل على استلام القوائم المالية الموحده لشركة التجمعات الاستثمارية المتخصصة و المترجمه للغة الانجليزية لعام 2016.

وتفضلوا بقبول فائق الاحترام ،،،

شركة التجمعات الاستثمارية المتخصصة

رئيس مجلس الادارة

سعيد حياصات

بورصة عمان
الدائرة الإدارية والمالية
الديوان
١٥ أيار ٢٠١٧
الرقم المتسلسل: 3130
رقم الملف: 31077
الجهة المختصة: 21114

شركة التجمعات الإستثمارية المتخصصة م.ع.م
Specialized Investment Compounds, Plc.

نسخة الى : هيئة الاوراق المالية

المرفق: قوائم المالية لعام 2016 (مترجمه باللغة الانجليزية)

هاتف : ٤٠٢٧٥٢٥ فاكس : ٤٠٢٧٥٣٥ ٦ ٩٦٢+ ص.ب ١ عمان ١١٦٣٦ الأردن
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SPECIALIZED INVESTMENT COMPOUNDS COMPANY
(PUBLIC SHAREHOLDING COMPANY)

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT'S REPORT
YEAR ENDED DECEMBER 31, 2016

SPECIALIZED INVESETMENT COMPOUNDS COMPANY
(PUBLIC SHAREHOLDING COMPANY)

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT'S REPORT
YEAR ENDED DECEMBER 31, 2016

Ghosheh
Your Professional Partners

Ghosheh & CO. (Certified Public Accountants)
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INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT'S REPORT

To the shareholders
Specialized Investment Compounds Company (P.L.C.)

Report on Auditing the Consolidated Financial Statements

Qualified Opinion

We have audited the accompanying consolidated financial statements of Specialized Investment Compounds Company (P.L.C.), which comprise of the consolidated statement of financial position as at December 31, 2016, the related consolidated statements of income, consolidated statement of comprehensive income, consolidated Statement of shareholders' equity, consolidated statement of cash flows for the year then ended, notes to the consolidated financial statements and a summary of significant accounting policies.

In our opinion, excluding the effects that reported on the qualified opinion basis paragraph in our report, the consolidated financial statements present fairly in all material respects, the financial position of Specialized Investment Compounds Company as of December 31, 2016, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Qualified Opinion Basis

1- Deficit in working capital amounted to JOD 4,782,005, which is a deficit in the ability of the company to realize its assets and fulfill its obligations in the context of normal work where JOD 200,000 is due as of December 6, 2015 for bonds have not been repaid plus due interests amounted to JOD 1,872,160, the Housing Bank has filed a lawsuit against the Company for failing to pay the amounts and the interests owed till the date of this report.

2- The accumulated losses amounted to JOD 22,988,644 as of December 31, 2015 which represent 89% of the Company capital, the Company decided in its unusual general assembly meeting dated December 15, 2015 decrease the Company capital from JOD 25,760,000 to JOD 8,100,000 through amortizing portion of the accumulated losses amounted to JOD 17,660,000 and increasing the capital from JOD 8,100,000 to JOD 16,000,000 through public offering or private offering or joining strategic partner, the Company capital decrease and increase procedures completed where the authorized capital is JOD 16,000,000 and the paid capital is JOD 8,100,000, the increase in capital have not been offered till the date of this report, the accumulated losses as of December 31, 2016 is JOD 6,164,267 which represent 76% of the Company paid capital.

We conduct our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in Auditor's Responsibilities for the audit of the Financial Statements. We are independent of the company in accordance with International Standard Board Code of Ethics for professional accountants ("the code") and we have fulfilled our other ethical responsibilities in accordance with the code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide basis for our audit opinion.

Key Audit Matters

Key audit matters, according to our professional judgment are matters that had the significant importance in our auditing procedures that we performed to the consolidated financial statements. The basic auditing matters have been addressed in our auditing workflow to consolidated financial statements as a whole as we do not express separate opinions.

- Property and equipment
According to International Financial Reporting Standards, the Company management should review the production life and depreciation of assets and do impairment test on financial position property and equipment value and make sure that there are no any events or changes in circumstances lead to conclusions that the value is not recoverable or in case there are indicators of value impairment the Company should record impairment losses in accordance with property and equipment impairment policy where the management estimate the impairment value through using assumptions and estimations if any, taking in consideration the importance of property and equipment its considered as significant audit risk.

-Accounts receivable
According to International Financial Reporting Standards, the Company should review the calculation process of impairment of accounts receivable, the company assesses the impairment of accounts receivable through assumptions and estimations, and considering its importance it's considered one of the significant audit risks and the impairment of accounts receivable provision has been recognized.

Followed procedures within key audit matters

- Property and equipment
The auditing procedures included the procedures of reviewing controls on verification of existence and completeness, reviewing purchase and sells of fixed assists during the year and ascertain of depreciation expenses calculation, matching the fixed assets inspection and ascertain that property and equipment are productive and there is no impairment in its value through evaluating the management assumptions, taking in consideration the available external information about property and equipment impairment risks, we also focused on the sufficiency of the management financial notes about property and equipment.

-Accounts receivable
The auditing procedures included control procedures used by the company for collecting accounts receivables, ascertaining a sample of clients accounts through direct confirmations, it has been asserted that the account receivable impairment provision is sufficient through evaluating the management assumptions, taking in consideration the available external information about account receivable risks, also we evaluated the sufficiency of the company disclosure about the important estimation in concluding the impairment provision of accounts receivable.

Other Information
The management is responsible for other information. Which includes other information reported in the annual report, but not included in the consolidated financial statements and our audit report on it.

Our opinion does not include these other information, and we do not express any assertion over it.

Regarding our audit on consolidate financial statements we are obliged to review these other information, and while that, we consider the compatibility of these information with their consolidated financial statements or with the knowledge that we gained through audit procedure or seems to contain significant errors. If we detected based on our audit, the existence of significant errors in the information, we are obliged to report this fact. Regarding this, we have nothing to report.

Management and individuals responsible of governance responsibility of the consolidated financial statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control management determined to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, the Management is responsible for assessing the Company's ability to continue as a Going Concern, disclosing, as applicable, matters related to Going Concern and using the Going Concern basis of accounting. Unless the management either intend to liquidate the company or to cease operations or have no realistic alternative but to do so.

Individuals responsible of governance are responsible of supervising the preparation of consolidated financial statements.

Certified Public Accountant responsibility
Our objective is to obtain reasonable assurance about whether the Financial Statements are free from material misstatements, and to issue and auditor's report that includes our opinion.
Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and or considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decision of users taken on the basis of these consolidated Financial Statements.

As part of an audit in accordance with The International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

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- Conclude on the appropriateness of the Management's use of the Going Concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated Financial Statements, including the disclosures, and whether the consolidated Financial Statements represent the underlying transactions and events in a manner that achieves Fair Presentation.

We communicated with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Legal requirements
The Company maintains proper books of accounting records that are in agreement with the accompanying consolidated financial statements and with the financial information included in the Board of Directors report, and we recommend the General Assembly to approve the financial statements.

Ghosheh & Co.

Walid Taha
License No.(703)

Amman-Jordan
March 28, 2017

Ghosheh & Co. (CPA's)
A member of
Nexia
International
غوشه و شركاه (محاسبون قانونيون)

SPECIALIZED INVESTMENT COMPOUNDS COMPANY
(PUBLIC SHAREHOLDING COMPANY)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2016
(EXPRESSED IN JORDANIAN DINAR)

	Note	**2016**	2015
ASSETS			
Non-current assets			
Property and equipment	4	**1,293,072**	1,461,192
Projects under construction	5	**1,002,017**	1,002,017
Investments in lands	6	**5,287,422**	5,287,422
Investments in rented buildings -net	7	**12,030,419**	12,676,242
Real estate and lands held for sale	12	**387,606**	392,072
Investments in associates	8	**-**	806,813
Financial assets designated at fair value through statement of other comprehensive income	9	**107,230**	297,846
Due from related parties	10	**37,488**	37,488
Total non-current assets		**20,145,254**	21,961,092
Current assets			
Prepaid expenses and other receivables	11	**517,472**	507,750
Tools and Supplies Inventory		**22,811**	24,460
Accounts receivable and checks under collection	13	**3,493,623**	3,855,278
Financial assets designated at fair value through statement of comprehensive income	14	**1,468,497**	1,617,939
Cash and cash equivalent	15	**562,413**	258,575
Total current assets		**6,064,816**	6,264,002
TOTAL ASSETS		**26,210,070**	28,225,094

The accompanying notes are an integral part of these consolidated financial statements

SPECIALIZED INVESTMENT COMPOUNDS COMPANY
(PUBLIC SHAREHOLDING COMPANY)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS OF DECEMBER 31, 2016
(EXPRESSED IN JORDANIAN DINAR)

	Note	2016	2015
LIABILITIES AND SHAREHOLDERS' EQUITY			
Shareholders' equity			
Share capital	1	**8,100,000**	25,760,000
Issuance premium	16	**75,504**	75,504
Statutory reserve	16	**2,066,480**	2,066,480
Voluntary reserve	16	**2,278**	2,278
Fair value reserve		**(3,558)**	(9,214)
Accumulated losses		**(6,164,267)**	(22,988,644)
Total shareholders' equity		**4,076,437**	4,906,404
Deferred revenues	17	**3,584,758**	3,936,804
Non-current liabilities			
Long – term capital lease commitments	18	**-**	445,586
Long-term bonds payable	19	**7,400,000**	9,250,000
Long-term loans	20	**302,054**	-
Total non-current liabilities		**7,702,054**	9,695,586
Current liabilities			
Accrued expenses and other liabilities	21	**4,067,274**	2,828,901
Accounts payable	22	**2,481,240**	3,693,609
Margin finance account payable		**-**	846,904
Short term bonds payable	19	**3,550,000**	1,700,000
Current portion of long-term loan	20	**111,600**	-
Short – term capital lease commitments	18	**636,707**	616,886
Total current liabilities		**10,846,821**	9,686,300
Total liabilities		**22,133,633**	23,318,690
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**26,210,070**	28,225,094

The accompanying notes are an integral part of these consolidated financial statements

SPECIALIZED INVESTMENT COMPOUNDS COMPANY
(PUBLIC SHAREHOLDING COMPANY)

CONSOLIDATED INCOME STATEMENT
YEAR ENDED DECEMBER 31, 2016
(EXPRESSED IN JORDANIAN DINAR)

	Note	2016	2015
Revenues	24	**2,540,001**	3,512,428
Cost of revenues	25	**(1,603,951)**	(1,980,029)
Gross profit		**936,050**	1,532,399
Selling and marketing expenses	26	**(11,767)**	(57,751)
General and administrative expenses	27	**(603,134)**	(563,874)
Other income and expenses		**928,640**	199,362
Unrealized losses of Financial assets designated at fair value through statement of comprehensive income		**(78,320)**	(481,378)
Loss from sale of investments in associates		**(494,473)**	-
The Company shares of the associate losses	8	-	(916,617)
Realized losses from selling Financial assets designated at fair value through statement of comprehensive income		**(56,682)**	(155,260)
Goodwill amortization (Control loss)		-	(1,385,218)
Margin account interests revenue and expenses		**9,240**	(499,874)
Financial charges		**(1,452,231)**	(1,390,813)
NET LOSS		**(822,677)**	(3,719,024)

Share loss:		
losses per share-JOD/Share	**(0,10)**	(0,14)
Outstanding shares weighted average – share	**8,100,000**	25,760,000

The accompanying notes are an integral part of these consolidated financial statements

SPECIALIZED INVESTMENT COMPOUNDS COMPANY
(PUBLIC SHAREHOLDING COMPANY)

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT
YEAR ENDED DECEMBER 31, 2016
(EXPRESSED IN JORDANIAN DINAR)

	2016	2015
NET LOSS	**(822,677)**	(3,719,024)
OTHER COMPREHINSIVE INCOME:		
Realized losses from selling Financial assets designated at fair value through statement of other comprehensive income	**(12,946)**	(1,533,335)
TOTAL OTHER COMPREHENSIVE INCOME TRANSFERRED TO ACCUMULATED LOSSES	**(835,623)**	(5,252,359)
Changes in fair value reserve	**5,656**	(7,744)
TOTAL COMPREHENSIVE INCOME	**(829,967)**	(5,260,103)

The accompanying notes are an integral part of these consolidated financial statements

SPECIALIZED INVESTMENT COMPOUNDS COMPANY
(PUBLIC SHAREHOLDING COMPANY)

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY
YEAR ENDED DECEMBER 31, 2016
(EXPRESSED IN JORDANIAN DINAR)

	Note	Share capital	Issuance premium	Statutory reserve	Voluntary reserve	Fair value reserve	Accumulated losses	Total
January 1, 2015 balance		25,760,000	75,504	2,066,480	2,278	(1,470)	(17,736,285)	10,166,507
Comprehensive income for the year		-	-			(7,744)	(5,252,359)	(5,260,103)
December 31, 2015 balance		**25,760,000**	**75,504**	**2,066,480**	**2,278**	**(9,214)**	**(22,988,644)**	**4,906,404**
Comprehensive income for the year		-	-	-	-	**5,656**	**(835,623)**	**(829,967)**
Share capital decrease	1	**(17,660,000)**	-	-	-	-	**17,660,000**	-
December 31, 2016 balance		**8,100,000**	**75,504**	**2,066,480**	**2,278**	**(3,558)**	**(6,164,267)**	**4,076,437**

The accompanying notes are an integral part of these consolidated financial statements

SPECIALIZED INVESTMENT COMPOUNDS COMPANY
(PUBLIC SHAREHOLDING COMPANY)

CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2016
(EXPRESSED IN JORDANIAN DINAR)

	2016	2015
OPERATING ACTIVITIES		
Loss of the year	**(835,623)**	(5,252,359)
Adjustments for loss of the year:		
Depreciation	**881,039**	689,085
Unrealized losses of Financial assets designated at fair value through statement of comprehensive income	**78,320**	481,378
Realized losses from selling Financial assets designated at fair value through statement of other comprehensive income	**12,946**	1,533,335
Realized losses from selling Financial assets designated at fair value through statement of comprehensive income	**56,682**	155,260
The Company shares of the associate losses	-	916,617
Loss from sale of investments in associates	**494,473**	-
Goodwill amortization (Control loss)	-	1,385,218
Financial charges	**1,452,231**	1,390,813
Changes in operating assets and liabilities:		
Financial assets designated at fair value through statement of comprehensive income	**14,440**	(232,506)
Accounts receivable, checks under collection and due from related parties	**358,816**	845,312
Tools and Supplies Inventory	**1,649**	249
Prepaid expenses and other receivables	**(9,722)**	(21,519)
Accounts payable	**(1,209,530)**	346,230
Accrued expenses and other liabilities	**1,238,373**	901,241
Deferred revenues	**(352,046)**	(708,367)
Cash available from operating activities	**2,182,048**	2,429,987
Paid financial charges	**(1,452,231)**	(1,390,813)
Net cash available from operating activities	**729,817**	1,039,174

The accompanying notes are an integral part of these consolidated financial statements

SPECIALIZED INVESTMENT COMPOUNDS COMPANY
(PUBLIC SHAREHOLDING COMPANY)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016
(EXPRESSED IN JORDANIAN DINAR)

	2016	2015
INVESTING ACTIVITIES		
Financial assets designated at fair value through statement of other comprehensive income	**183,326**	(1,785,404)
Changes in investments in associates	**312,340**	3,083,810
Investments in rented buildings, real estate and lands held for sale	**(26,534)**	427,330
Projects under construction	**-**	96,292
Property and equipment purchase	**(36,096)**	648
Net cash available from investing activities	**433,036**	1,822,676
FINANCING ACTIVITIES		
Loans	**413,654**	-
Margin finance account	**(846,904)**	(1,371,509)
Capital lease commitments	**(425,765)**	(366,866)
Bonds payable	**-**	(1,050,000)
Net cash used in financing activities	**(859,015)**	(2,788,375)
Net change in cash and cash equivalents	**303,838**	73,475
Cash and cash equivalents, January 1	**258,575**	185,100
CASH AND CASH EQUIVALENTS, DECEMBER 31	**562,413**	258,575

The accompanying notes are an integral part of these consolidated financial statements

1. ESTABLISHMENT AND ACTIVITIES

Specialized Investment Compound Company ("the Company") is a Jordanian public shareholding Company registered on August 7, 1994. The authorized and paid capital is JOD 25,760,000 divided to 25,760,000 shares of JOD 1 each.

The Board of directors decided in its extraordinary meeting dated in December 15, 2015 to decrease the share capital from JOD 25,760,000 to JOD 8,100,000 through amortizing part of the accumulated losses amounted to JOD 22,988,644 as of December 31, 2015 and increasing the share capital from JOD 8,100,000 to JOD 16,000,000 through public offering or private offering or joining strategic partner , the Company capital decrease and increase procedures completed where the authorized capital is JOD 16,000,000 and the paid capital is JOD 8,100,000, the increase in capital have not been offered till the date of this report.

The Company main activities are utilizing, developing and investing lands for establishing, selling and investing industrial buildings and specialized craft warehouses.

The Consolidated Financial Statements as of December 31, 2016 consist the financial statements of the following subsidiary:

Company	Place of registration	Paid capital	Vote and ownership ratio	Paid capital ratio	Main activity
Pluto residential projects	Jordan	JOD 850,000	100%	100%	Building and selling residential projects without interests and purchase, sell and invest in real estate and lands

The book value of investments in subsidiaries determined by the equity method as follows:

	2016	2015
The Company's share of the results of Pluto residential projects Company	**(57,948)**	(89,247)
Book value of investment in Pluto residential projects	**(180,143)**	(122,187)

As of December 31, the summary of the total assets, liabilities, and the results of the subsidiary, and the significant assets and liabilities items are as follows:

	2016	2015
Total assets	**4,183,813**	3,647,779
Total liabilities	**4,363,956**	3,769,966
Total shareholders' equity	**(180,143)**	(122,187)
Loss of the year	**(57,948)**	(89,247)
Investments in land	**2,816,640**	2,816,640
Share capital	**850,000**	850,000

2. NEW AND REVISED STANDARDS AND AMENDMENTS TO IFRSs ISSUED BUTNOT YET EFFECTIVE:-

The following new standards and amendments to the standards have been issued but are not yet effective and the Company intends to adopt these standards, where applicable, when they become effective.

New Standards	Effective Date
(IFRS) No.9 – Financial Instruments	January 1,2018
(IFRS) No.15–Contract Revenues	January 1,2018
(IFRS) No.16 – Leases	January 1,2019

Board of directors of the company is expecting that the application of these standards and interpretations will not have a substantial impact on the Company's financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards and related interpretations, and on the historieal cost basis. However, financial assets and financial liabilities are stated at fair value. The following is a summary of significant accounting policies applied by the Company:

Financial Statement Consolidation Basis

Consolidated Financial Statements were prepared according to historical cost basis, and consolidated throw adding the similar items of, assets, liabilities & owners' equity and revenues and expenses. The material transaction and balances between the Company and its subsidiary companies were eliminated.

Revenue recognition

Service revenues are recognized upon present of service and issuing invoice. Revenue from sale is recognized upon complete and presents the building to purchaser and transfer the risk to purchaser. Revenue from leasing is recognized on time basis so it reflects the actual return during the signed lease contract.

Expenses

Selling and marketing expenses principally comprise of costs incurred in the distribution and sale of the Company's products. All other expenses are classified as general and administrative expenses.

General and administrative expenses include direct and indirect costs not specifically part of production costs as required under generally accepted accounting principles. When required allocations between general and administrative expenses and cost of sales are made on a consistent basis.

Cash and cash equivalents
Cash and cash equivalent include cash, demand deposits, and highly liquid investments with original maturities of three months or less.

Inventories
Inventories are stated at cost, which is determined by using (FIFO).

Notes receivable

Notes receivable are stated at amortized cost, and the interest rate that denominated on the date of financial statements is used to calculate its value.

Interest revenue is recognized at time basis.

Available for sale investments
Investments in financial instruments are classified according to the Company's intent with respect to those securities. Financial instruments available for sale are stated at fair value according to the closing prices of Amman Stock Exchange Market, and unrealized gains and losses thereon are included in shareholders' equity.

The carrying amount of all investments and financial instruments is reduced to recognize other than temporary diminution in value

Income from the investments in financial instruments is recognized when dividends are declared.

Investments in associate company
Investments in companies which are at least 20% owned and in which the company exercises significant influence are recorded using the equity method, under which the investments is stated initially at cost and adjusted there after for the post acquisition change in the company's share of the net assets of the investee. These are referred to as associate companies. Company's share in the affiliated companies' net income/losses for the year is included in the statement of income.

Real estate for sale

Real estate for sale stated at the lower of cost or net realizable value.

Projects under construction

Projects under construction appear at cost.

Investment in real estates

Rented Real estates are stated at cost less accumulated depreciation. Depreciation is provided over the estimated useful live of building using the straight line method and with annum rate ranged between 2% – 4%.

Allowance for Impairment of account receivables
Management estimated possihility of collection from the receivables and the allowance for doubtful debts provision had been estimated according to the previous experience and the prevailing economic environment.

Financial assets designated at fair value through statement of comprehensive income
Financial assets are classified as at fair value through statement of income when the financial asset is either held for trading or it is designated as at fair value through statement of income. A financial asset is classified as held for trading if:

- It has been acquired principally for the purpose of selling it in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at fair value through statement of income upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at fair value through statement of income.

Financial assets at fair value through statement of income are stated at fair value, with any gains or losses arising on re-measurement recognized in profit or loss. The net gain or loss recognized in profit, loss incorporates any dividend, or interest earned on the financial asset and is included in the 'other gains and losses' line item in the consolidated income statement.

The Decline in value of the financial assets
In date of each financial position statement, values of the financial assets have been reviewed, to determine if there indication to decline in its value.

As for the financial assets such as trade accounts receivable and assets was evaluated as individual low-value, where evaluated for the decline in the value on a collective basis. The substantive evidence for decline in portfolio of the accounts receivable includes the past experience about the collection of payments, and the increase in the number of the late payments portfolio (which it's beyond the rate of borrowing) it includes the significant changes in the international and local economic conditions that are related with non-collection of accounts payable.
The Reduce in the listed value of the financial assets is the amount of loss decline of value directly, and this is for all the financial assets except the trade accounts receivable as the listed value have been reduced by provisions accounts. When is one of the accounts receivables are non-collected then write off the amount of this debt and the equal amount from account of provisions?

The changes in the listed value for the provisions account recognized in comprehensive income statement.

As for the ownership equity tools which are available for sale, Decline losses are not closed in the recognized value in the profit and loss statement. However, any increase in the fair value becomes after decline loss has recognized directly in shareholder's equity statement.

Cancellation of Recognition
The Company cancels the recognition of financial assets only when the contractual rights about receipt of cash flows from the financial assets had ended, and substantially all the risks and benefits of the ownership to another firm. In the case of the company does not transfer or retain substantially risks or benefits of the ownership and continue in control of the transferred assets, the company in this case recognize its retained share in the transferred assets and the related liabilities in the limits of the amounts expected to be paid. In the other case, when the company retained substantially all risks and benefits of ownership of the transferred assets, the company will continue to recognize the financial assets.

Accounts payable and accrual
Accounts payable are stated at the obligation amounts for received services and goods, whether billed by the suppliers or not.

The provisions
The provisions had been formed, when the company has a present obligation (legal or expected) from past events which its cost of repayment consider accepted and it has ability to estimate it reliably.
The provision had been measured according to the best expectations of the required alternative to meet the obligation as of the financial position statement date after considering the risks and not assured matters about the obligation. When the provision had been measured with the estimated cash flows to pay the present obligation, then the accounts receivable had been recognized as asset in case of receipt and replacement of the amount is certain and it able to measure the amount reliably.

The decline in value of the non-current assets
The decline in value of the non-current assets in the date of each the financial position statement the company review the listed values for its assets to specify if there is an indication to be decline losses of the value.If there indication to that, the recovery value of the asset will be appreciated to determine the loss of decline in the value if it be .In case, in ability to appreciate the recovery value of specific asset. The company estimate the recovery value for unit producing of cash that related in the same asset .when there is ability to determine basis of distribution that is fixed and reasonable, the joint assets distribute to units producing of cash that related in the same asset. when there is ability to determine basic of distribution that is fixed and reasonable , the joint assets distribute to specific units producing of cash or it distribute to smallest group from units producing cash that it able to determine basic of distribution fixed and reasonable for it.
The Recovery value is the fair value of asset minus the cost of sale or used value whichever is higher.
In case, the recovery value (or the unit producing of cash) distribute lower than the listed value, reduce the listed value for asset (or unit producing of cash) to the recovery value. Losses of the decline recognize directly in the comprehensive income statement except the asset that is reevaluation then record losses of the decline as reduction from re-evaluation provision.
In case , recovery losses for decline of the value , Increase the listed value of asset (or unit producing of cash) to the fair value of recovery as not to increase the adjusted listed value of asset (on unit producing of cash) as if it had not been calculating the losses of the value decline in the previous years. Record recovery of losses in value decline directly either in the profit or the loss except the asset had been recording in the re-evaluation value. In this case, record recovery of losses in value decline as increase in the re-evaluation provision.

The use of estimation
The preparation of financial statements and the application of accounting policies required of the Company's management to make estimates that affect the amounts of financial assets and liabilities and disclosure of contingent liabilities, these estimates also affect the revenues, expenses and provisions.
As well as changes in fair value that appears in the owners' equity
In particular, required of the company's management to issue important judgments to estimate the amounts of future cash flows and its times Mentioned that the estimates are shown necessarily on the assumptions and multiple factors have a varying degree of appreciation and uncertainty and that actual result may differ from estimates As a result of changes resulting about the conditions and circumstances of these estimates in the future.

The sector report represents
The business sector represents a collection of assets and operation engaged together in providing product or services subjected to risks and returns that are different from those of other business sectors, which are measured according to the reports that are used by the executive director and the main decision – makers in the Company.
Geographical segment is associated in providing products in particular economic environment subject to risks and returns that are differed from those for sectors to work in economic environment.

Offsetting
Financial assets and financial liabilities are offset, and the net amount is reflected in the consolidated statement of financial position only when there are legal rights to offset the recognized amounts, the Company intends to settle them on a net basis, or assets are realized and liabilities settled simultaneously.

Accounts receivable
Accounts receivable are recorded at the original amount less a provision for any uncollectible amount. An estimate for doubtful debts is made when collection of the full amount is no longer probable.

Leasing contracts
Leases are classified as finance leases whenever the terms of the lease transfer substantially all of the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. The lease payments under finance lease are recognized as account receivables as of net value of the investment on the straight-line basis over the term of the relevant lease.

Rentals payable under operating lease are charged to the statement of comprehensive income on a straight line basis over the term of the relevant lease.

Cancellation of Recognition
The Company cancels the recognition of financial assets only when the contractual rights about receipt of cash flows from the financial assets had ended, and substantially all the risks and benefits of the ownership to another firm. In the case of the company doesn't transfer or retain substantially risks or benefits of the ownership and continue in control of the transferred assets, the company in this case recognize it's retained share in the transferred assets and the related liabilities in the limits of the amounts expected to be paid. In the other case, when the company retained substantially all risks and benefits of ownership of the transferred assets, the company will continue to recognize the financial assets.

Property and equipment
Property and equipment are stated at cost less accumulated depreciation. Expenditure on maintenance and repairs is expensed. Depreciation is provided over the estimated useful lives of the applicable assets using the straight line method. The estimated rates of depreciation of the principal assets using the straight line method. The estimated rates of depreciation of the principal classes of assets are as follows:

	Annual depreciation rate
Building	4%
Furniture and decoration	9-15%
Computers, office and electrical equipment	25%
Vehicles	15%
Tools	20%
Bill boards	10%

The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

Income tax
The company is subject to Income Tax Law for the year and its subsequent amendments and the regulations issued by the Income Tax Department in the Hashemite Kingdom of Jordan and provided on accrual basis, Income Tax is computed based on adjusted net income. According to International Accounting Standard number (12), the company may have deferred taxable assets resulting from the differences between the accounting value and tax value of the assets and liabilities related to the provisions, these assets are not shown in the financial statements since it is immaterial.

Foreign currency translation
Foreign currency transactions are translated into Jordanian Dinar at the rates of exchange prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the exchange rates prevailing at that date. Gains and losses from settlement and translation of foreign currency transactions are included in the statement of income.

SPECIALIZED INVESTMENT COMPOUNDS COMPANY
(PUBLIC SHAREHOLDING COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016
(EXPRESSED IN JORDANIAN DINAR)

4. PROPERTY AND EQUIPMENT

	January 1	Additions	Disposal	December 31
Cost:				
Land	94,804	-	-	**94,804**
Buildings *	2,279,362	-	-	**2,279,362**
Furniture and decoration	303,772	**5,461**	**(4,897)**	**304,336**
Computers, office and electrical equipment	308,849	**1,965**	-	**310,814**
Vehicles	64,860	**26,500**	-	**91,360**
Tools	93,162	**2,170**	-	**95,332**
Billboards	74,303	-	-	**74,303**
Total cost	3,219,112	**36,096**	**(4,897)**	**3,250,311**
Depreciation:				
Buildings	933,663	**177,205**	-	**1,110,868**
Furniture and decoration	295,763	**6,890**	**(4,897)**	**297,756**
Computers, office and electrical equipment	306,769	**2,080**	-	**308,849**
Vehicles	71,788	**6,509**	-	**78,297**
Tools	76,647	**11,532**	-	**88,179**
Bill boards	73,290	-	-	**73,290**
Total depreciation	1,757,920	**204,216**	**(4,897)**	**1,957,239**
Book value at January 1	1,461,192			
Book value at December 31				**1,293,072**

* Buildings include mortgaged real estates costed JOD 787,302.

5. PROJECTS UNDER CONSTRUCTION

	2016	2015
Projects lands*	**875,977**	875,977
Infrastructure	**203,185**	203,185
Indirect capitalized expenses	**22,855**	22,855
Projects lands impairment provision	**(100,000)**	(100,000)
	1,002,017	1,002,017

*All projects lands are mortgaged for bonds holders.

6. INVESTMENTS IN LANDS

Investments in lands include a mortgaged land costed JOD 2,470,782.

7. INVESTMENTS IN RENTED BUILDINGS -NET

	2016	2015
Rented buildings cost at begging of the year	**20,414,281**	20,828,212
Additions during the year	**31,000**	-
Exclusions during the year	-	(413,931)
Total rented buildings cost	**20,445,281**	20,414,281
Less: accumulated depreciation	**(7,897,146)**	(7,220,323)
Less: rented buildings impairment provision	**(517,716)**	(517,716)
Net value of rented building at the year end	**12,030,419**	12,676,242

*Rented buildings include mortgaged buildings costed JOD 9,180,573.

8. INVESTMENTS IN ASSOCIATES

A- First Investment Group Ltd.

The board of directors decided on May 8, 2013 investing in First Investment Group Company share capital increase by JOD 2,500,000 where JOD 2,489,688 have paid of the capital increase, the investment in First Investment Group Company have been sold by the amount of JOD 312,340 and losses realized by the amount of JOD 494,473.
This item represent of the following:

Company Name	Place of registration	Capital	Ownership ratio	Main activity
First Investment Group Ltd.	Jordan	JOD 9,166,578	19.12%	Financial brokerage

A summary of the assets and liabilities for the associate Company are as follows:

	2016	2015
Total assets	-	12,659,811
Total liabilities	-	8,644,620
Total shareholders' equity	-	4,015,191
Fair value reserve	-	(204,544)
Property and equipment	-	3,940,801
Cash and cash equivalents	-	803,958
Share capital	-	9,166,578
Loss of the year	-	(4,806,016)

	2016	2015
Cost of purchasing the investment	**806,813**	1,723,430
Tbe Company shares of the associate losses	-	(916,617)
Cost of selling the investment	**(806,813)**	-
Net of the investment	-	806,813

9. FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2016	2015
Investment in Tourism Projects Compounds Company P.L.C. by 6,179 shares (2015: 6,176 shares)	**2,964**	2,964
Investment in Al Tajamouat For Catering And Housing Company by 126,200 shares (2015: 612,203 shares)	**54,266**	244,882
Investment in Coalition Industrial and Investments Company Ltd. By 675,000 shares which is 7.41% of the share capital	**50,000**	50,000
	107,230	297,846

* There is 100,000 shares mortgaged for Union bank for the decreasing loan.

10. TRANSACTIONS WITH RELATED PARTIES

The Company has made transactions with the following related party:

	Relation
Specialized Investment Compounds Company-Syria	Subsidiary

Duo from related party as of December 31 is as follow:

	2016	2015
Specialized Investment Compounds Company-Syria	**37,488**	37,488
	37,488	37,488

Specialized Investment Compounds Company recorded during the year the following remunerations, allowances and benefits for president and members of board of directors and the general manager:

	2016	2015
Transportation allowances for the president and members of board of directors	**23,244**	45,200
Salaries, allowances and remunerations for the president of board of directors/general manager	**12,088**	107,091

11. PREPAID EXPENSES AND OTHER RECEIVABLES

	2016	2015
Refundable deposits	**86,510**	87,010
Prepaid expenses	**11,522**	11,286
Income tax deposits	**406,108**	405,897
Other receivables	**13,332**	3,557
	517,472	507,750

12. REAL ESTATE AND LANDS HELD FOR SALE

	2016	2015
Real estate held for sale*	**387,606**	392,072
	387,606	392,072

* Real estate held for sale include mortgaged lands and real estate costed JOD 46,906 (2015: JOD 46,906).

13. ACCOUNTS RECEIVABLE AND CHECKS UNDER COLLECTION

	2016	2015
Accounts receivable	**4,169,996**	4,503,337
Checks under collection	**69,150**	97,464
	4,239,146	4,600,801
Less: Accounts receivable impairment provision*	**745,523**	745,523
	3,493,623	3,855,278

* The movement on accounts receivable impairment provision is as follows:

	2016	2015
Balance at begging of the year	**745,523**	745,523
Returns	-	-
	745,523	745,523

14. FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH STATEMENT OF COMPREHENSIVE INCOME

	2016	2015
Investment in Arab German Insurance Company by 177,460 shares (2015: 177,460 shares)	**23,070**	23,070
Investment in Jordan Ceramic Company by 986,101 shares (2015: 986,101 shares)	**1,222,765**	1,222,765
Investment in Middle East Complex for Engineering and Electronic Heavy Industries with zero shares (2015: 100,000 shares)	-	14,000
Investment in Al-Tajamouat Food and Housing Company by 86,738 shares (2015: zero shares)	**37,297**	-
Investment in Union Land Development Company by 43,039 shares (2015: 46,237 shares)	**86,939**	88,775
Investment in the Union Financial Investments Company with zero shares (2015: 7,000 shares)	-	9,310
Investment in Jordan Company for Development and Financial Investment by 22,530 shares (2015: 27,379 shares)	**98,231**	162,631
Investment in Al-Dulayl Industrial Real Estate Company with zero shares (2015: 53,000 shares)	-	71,422
Investment in Real Estate Industries and Financial Investments Company with zero shares (2015: 12,561 shares)	-	23,866
Investment in Union Tobacco and Cigarette Industries Company by 100 shares (2015: 700 shares)	**195**	2,100
	1,468,497	1,617,939

* Facilities granted from Global Investment Home P.L.C. by JOD 500,000 by mortgaging land No. 222 of Na'our area costed JOD 608,936, which is owned by Pluto Residential Projects Company (The subsidiary).

15. CASH AND CASH EQUIVALENTS

	2016	2015
Cash in hand	**86,013**	719
Cash at the banks	**476,400**	257,856
	562,413	258,575

16. RESERVES AND ADDITIONAL PAID IN CAPITAL

Issuance premium:

This item represents amounts resulted from the difference between the issuing price and the par value for shares after increasing the Company's Common stock during the year.

Statutory reserve:

In accordance with the Companies' Law in the Hashemite Kingdome of Jordan and the Company's Article of Association, the Company has established a statutory reserve by the appropriation of 10% of net income until the reserve equals 25% of the capital. However, the Company may, with the approval of the General Assembly continue deducting this annual ratio until this reserve is equal to the capital of the Company in full. This reserve is not available for dividends distribution.

Voluntary reserve:
In accordance with the Companies' Law in the Hashemite Kingdome of Jordan and the Company's Article of Association, the Company can establish a voluntary reserve by and an appropriation of no more than 20% of net income. This reserve is available for dividends distribution by the approval of the Company's General Assembly.

17. DEFERRED REVENUES

	2016	2015
Deferred rent revenues and services	**3,584,758**	3,936,804
	3,584,758	3,936,804

18. CAPITAL LEASE COMMITMENTS

	2016	2015
Comprehensive financial leasing Company capital lease commitments	**636,707**	1,062,472
Less: current portion	**636,707**	616,886
Long term portion	-	445,586

Comprehensive financial leasing Company
- Specialized Investment Compounds Company P.L.C. (the parent Company) signed financial lease contract on August 15, 2011 with Comprehensive financial leasing Company for land No. 175 basin No. 1 Je'aa Al-Aleek of southern Amman Manga village which its area is 50,263 square meter amounted to JOD 1,100,000 with interests of JOD 286,000 the rent and interests paid in 36 monthly installments begging from November 5, 2011, the amount of each installment is JOD 38,500 including the interests, which is fully paid.

- Specialized Investment Compounds Company P.L.C. (the parent Company) signed financial lease contract on October 2, 2014 with Comprehensive financial leasing Company for land No. 135 basin No. 1 Je'aa Al-Aleek of southern Amman Manga village which its area is 50,263 square meter amounted to JOD 1,371,492 which is paid hy 36 monthly installments begging from Novemher 15, 2014 amounted to JOD 38,097 for each installment, this lease is guaranteed by mortgaging lands (2232, 2231, 2230, 612, 611) of basin No. 5 Al-Sha'eliah these mortgages amounted of JOD 850,000 plus the guarantee of Pluto residential projects Company Ltd. (A subsidiary).

19. BONDS

On December 6, 2007 unconvertible bonds have been offered by issuing 1,500 bonds with par value JOD 10,000 for each and total of JOD 15,000,000 less par value for the initial single issued certificates and any unrecoverable or unamortized bonds by the Company through unpublicized offering, guaranteed by real estate mortgages, these bonds interest rate is 9.5% yearly paid twice a year every 6 months, the interest is due on June 6 and December 6 every year, the starting date of paying interests is June 6, 2010, the bonds are due on December 6, 2012, plus depositing 50% of selling value of any of the Company real estates for the bonds holders.

On October 28, 2012 the Company has rescheduled the bonds by paying 10% of the original amount of JOD 15,000,000 which is equal to JOD 1,500,00, and on December 6, 2012 the Company rescheduled the remaining balance which is amounted JOD 13,500,000 as follows:

JOD 750,000 on December 6, 2013
JOD 750,000 on June 6, 2014
JOD 1,500,000 on December 6, 2014
JOD 1,500,000 on June 6, 2015
JOD 9,000,000 on December 6, 2015

On February 17, 2015 the Company has rescheduled the bonds by paying JOD 750,000 and rescheduling the remaining JOD 11,250,000 as follows:

JOD 500,000 on December 6, 2015
JOD 1,500,000 on December 6, 2016
JOD 1,750,000 on December 6, 2017
JOD 1,750,000 on December 6, 2018
JOD 1,750,000 on December 6, 2019
JOD 4,000,000 on June 6, 2020

	2016	2015
Bonds value	**10,950,000**	10,950,000
Less: current portion	**3,550,000**	1,700,000
Long term portion	**7,400,000**	9,250,000

20. LOAN

The Company obtained a commercial loan from Union Bank amounted to JOD 450,000 to be paid by 60 installments of JOD 9,300 each including interests after the grace period and the interest rate is 8.75% per annum, payable monthly and without commission, guaranteed by mortgaging real estate No. (103, 122, 101) of basin Abu Swana No. (3) lands ALRaqeem village, plus mortgaging 100,000 shares of Al Tajamouat For Catering And Housing Company shares for the Bank.

	2016	2015
Loan amount	**413,654**	-
Less: current portion	**111,600**	-
Long term portion	**302,054**	-

21. ACCRUED EXPENSES AND OTHER LIABILITIES

	2016	2015
Accrued expenses	**385,192**	273,590
Accrued salaries	**9,687**	9,605
Employees leaves provision	**6,494**	-
Retained deposits-contractors and vendors	**23,238**	23,698
Accrued income tax	**2,326**	2,404
Jordanian Universities fees	**187,828**	187,828
Scientific research support fund	**78,361**	78,361
Employment, training and vocational and technical education fund provision	**6,722**	6,722
Social security and employees income tax deposits	**4**	3,160
Accrued interests	**1,872,160**	643,685
Shareholders deposits	**15,911**	15,911
Lore tax deposits	**73,215**	70,652
Sales tax deposits	**57,517**	74,307
Miscellaneous provisions	**1,337,784**	1,437,784
Other	**10,835**	1,194
	4,067,274	2,828,901

22. ACCOUNTS PAYABLE

	2016	2015
Financial brokerage accounts payable	**2,342,773**	3,532,412
Vendors account payable	**138,467**	161,197
	2,481,240	3,693,609

23. INCOME TAX

The tax position has been finalized with Income and Sales Tax Department until the end of 2012.

Income and Sales Tax Department has audited the year 2013 and a decision to pay JOD 958,003 has been issued and a legal compensation of JOD 827,672, in total JOD 1,785,675. The Company decided to object on the tax decision based on the tax consultant opinion where he provided a letter to confirm based on article 3 of income tax law No. 28 year 2009 the disagreement with the auditor that income taxed by 20% of total net income of its external investments after deducting the paid income tax in the country where investment is and that the result of the calculation is taxed by 30% based on article 11/b/3 plus signing an agreement with economic unification council with Egypt to prevent tax duplication in article No. 7 and tax duplication prevention and preventing tax evasion with Qatar state, where it has been clarified the income of foreign Companies branches that subject to tax based on tax ratios in the related countries, based on that that tax consultant disagree with the auditor that omitted laws articles and the agreements that are signed with Egypt and Qatar, so the Company have a high possibility of decreasing the due taxes under these circumstances, for the year 2014 a decision was issued of the accrued taxes for the year and deduct the acceptable tax expenses, where the company objected for the decision of year base on the tax consultant opinion.

For the year 2015 the Company has submitted self-assessed tax statement and it have not been audited by Income and Sales Tax Department till the date of preparing these consolidated financial statements.

24. REVENUES

	2016	2015
Rents revenues	**1,872,321**	1,862,798
Real estate sale revenues	**-**	942,420
City services revenues	**666,647**	703,617
Other	**1,033**	3,593
	2,540,001	3,512,428

25. COST OF REVENUES

	2016	2015
Cost of sold real estate and additional work	**7,666**	328,030
Depreciation	**834,728**	846,447
Salaries, wages and benefits	**159,850**	180,309
Property tax	**182,096**	193,666
Insurance	**10,470**	9,622
Maintenance and repairs	**44,595**	33,181
Water and electricity	**73,336**	76,545
Fuel expenses	**3,619**	3,911
Vehicles and transportation expenses	**4,991**	4,862
Security	**54,530**	48,857
Sewage	**114,073**	124,165
Cleaning	**109,270**	123,266
Other	**4,727**	7,168
	1,603,951	1,980,029

26. SELLING AND MARKETING EXPENSES

	2016	2015
Salaries, wages and benefits	**10,832**	32,525
Advertisement	**575**	1,982
Remuneration and commissions	**-**	22,338
Depreciation	**36**	156
Other	**324**	750
	11,767	57,751

27. GENERAL AND ADMINISTRATIVE EXPENSES

	2016	2015
Salaries, wages and benefits	**159,291**	266,419
Board of directors members transportation allowance	**29,031**	23,110
Fees, licenses and subscriptions	**135,323**	52,040
Professional and consulting fees	**77,016**	39,434
Rents	**16,000**	16,000
Water and electricity	**16,346**	21,083
Post and telephone	**4,448**	4,396
Employees Course and remunerations	**56,633**	11,132
Stationary	**3,208**	3,201
Hospitability	**11,793**	9,907
Depreciation	**46,275**	44,896
Real estate evaluation expenses	**932**	18,686
Maintenance	**1,123**	1,559
Management commissions	**-**	742
General assembly meetings expenses	**3,065**	7,782
Travel and transportation	**191**	713
Cleaning	**1,353**	4,331
Other	**41,106**	38,443
	603,134	563,874

28. LEASE AGREEMENTS

	2016	2015
Payments under lease contracts charged as expenses during the year	**16,000**	16,000

Operating lease payments consist of rents payable by the Company for the management offices-Shmeisani.

29. FINANCIAL INSTRUMENTS

The Fair Value

The fair value of financial assets and financial liabilities include cash and cash equivalents and checks under collection and receivables, securities, and include accounts payable, credit facilities, loans, credits, and other financial liabilities.

Level I: the market prices stated in active markets for the same financial instruments.

Level II: assessment methods depend on the input affect the fair value and can be observed directly or indirectly in the market.

Level III: valuation techniques based on inputs affect the fair value cannot be observed directly or indirectly in the market.

December 31, 2016	Level I	Level II	Level III	Total
Financial assets designated at fair value through statement of comprehensive income	1,468,497	-	-	1,468,497
Financial assets designated at fair value through statement of other comprehensive income	107,230	-	-	107,230
	1,575,727	-	-	1,575,727

December 31, 2015	Level I	Level II	Level III	Total
Financial assets designated at fair value through statement of comprehensive income	1,617,939	-	-	1,617,939
Financial assets designated at fair value through statement of other comprehensive income	297,846	-	-	297,846
	1,915,785	-	-	1,915,785

The value set out in the third level reflect the cost of buying these assets rather than its fair value due to the lack of an active market for them, this is the opinion of Directors that the purchase cost is the most convenient way to measure the fair value of these assets and that there was no impairment.

Management of share capital risks
The Company manages its capital to make sure that the Company will continue when it takes the highest return by the best limit for debts and owners equity balances. The Company's strategy does not change from 2015.

Structuring of Company's capital includes debts that consists of loans as shown in notes No. (18, 19, 20) and the owner's equity in the Company which includes share capital, issuance premium, reserves, fair value reserve, and accumulated losses as it listed in the changes in consolidated owners equity statement.

The debt ratio
The board of directors is reviewing the share capital structure periodically. As a part of this reviewing, the board of directors consider the cost of share capital and the risks that is related in each faction from capital and debt factions. The Company's capital structure includes debts from the borrowing. The Company does not determine the highest limit of the debt ratio and it does not expect increase in the debt ratio.

	2016	2015
Debts	**12,000,361**	12,859,376
Owners' equity	**4,076,437**	4,906,404
Debts/Owners' equity ratio	**%294**	%262

The increase in debts ratio in 2016 is because of 2016 losses, where losses decreased the owners' equity of the Company.

Risk management
Include the risks those they may be exposed to the following risks:

Currency risk
When consolidating financial statements of subsidiaries outside Jordan with the parent Company, the assets and liabilities are exchanged as of financial position date to Jordanian Dinar by exchange rates as at the year end, for revenues and expenses it exchanged based on average exchange rates for the period, exchange differences, if any, included in owners' equity.

Interest rates risk
Interest rate risk is defined as the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market rates, the financial instruments in the consolidated statement of financial position are not subject to interest rate risk with the exception of due to banks and loans that are subject to current market interest rates.

The following table shows the sensitivity of profit or loss and owner equity to interest rates changes by the facility or their deposits at banks and on interest rates paid by the entity to borrow from banks:

Currency	Change in interest	Effect on the loss	
Jordanian Dinars	%	**2016**	2015
	25	**- 30,001**	- 32,148

Currency	Change in interest	Effect on the loss	
Jordanian Dinars	%	**2016**	2015
	25	**+30,001**	+ 32,148

Capital risk
The contains of capital are reviewed on a regular basis and are taking in consideration the cost of capital and risks related with it , as capital is controlled to ensure continuity of business and increase revenue by achieving an optimal balance between owner's equity and debts.

This decrease in the debt ratio for 2014 is attributed to the decrease in debts from payment of facilities with ceiling.

Other priee risk
Other price risk is defined as the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual instrument or its issuer of factors all similar financial instruments traded in the market, the financial instruments in the consolidated statement of financial position are not subject to other pricing risk with the exception of investments.

Sensitivity analysis of the owner investments prices
Sensitivity analysis followed based on that the Company exposed to investments prices risks in owners' equity of other companies at the date of the financial statements.

In case investments prices in owners' equity of other companies higher/ lower by 5%:

-The Company's owners' equity reserves become higher/ lower of JOD 5,362 (2015: higher/ lower of JOD 14,892) resulting from the company's portfolio that classified as available for sale investments.
-The Company's owners' equity reserves become higher/ lower of JOD 73,425 (2015: higher/ lower of JOD 80,897) resulting from the company's portfolio that classified as financial assets designated at fair value through comprehensive income.

The Company's sensitivity to investments prices in owners' equity of others companies have changed substantially compared with the previous year are resulting to the disposal of important part from the investments portfolio during the year in addition to the decline in fair value of these investments.

Credit risk management
The credit risks represent in one part of the financial instruments contracts has not obligated to pay the contractual obligations and cause of that the Company is exposing financial losses, However, there are no any contracts with any other parts so the Company doesn't expose to different types of the credit risks, The significant credit exposed for any parts or group of parts that have a similar specification have been disclosed in note No.10.The Company classified the parts which have similar specifications as a related parties. Except the amounts which are related in the cash money. The credits risks that are resulting from the cash money are specific because the parts that are dealing with it are local banks have good reputations and have been controlled from control parties.

The amounts had listed in the financial statements data represents the highest credit risk expose to the trade accounts receivable and to the cash and cash equivalent.

Management of liquidity risks
Board of directors is responsible for management of liquidity risks to manage the cash requirements, short, medium and long term liquidity. The Company managed the liquidity risks through controlling the future cash flow that evaluated permanently and correspond the due dates of assets and liabilities.

30. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS
The consolidated financial statements were approved by the Board of Directors and authorized for issuance on March 28, 2017. These consolidated financial statements require the General Assembly of shareholders approval.

31. COMPARATIVE FIGURES
Certain figures for 2015 have been reclassified to conform to the presentation in the current year.